



**Pre-feasibility Study**

# **MINI FLOUR MILL**

**November 2020**

*“The figures and financial projections are approximate due to fluctuations in exchange rates, energy costs, and fuel prices etc. Users are advised to focus on understanding essential elements such as production processes and capacities, space, machinery, human resources, and raw material etc. requirements. Project investment, operating costs, and revenues can change daily. For accurate financial calculations, utilize financial calculators on SMEDA’s website and consult financial experts to stay current with market conditions.”*

**Small and Medium Enterprises Development Authority**  
Ministry of Industries and Production  
Government of Pakistan

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## 1 DISCLAIMER

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### ***Document Control***

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## **2 EXECUTIVE SUMMARY**

The proposed project is about establishing a Mini Flour Mill. The subject project is strongly recommended to be established in the adjoining of the major cities or urban areas with high wheat production/consumption. The prevalence of such facility would add economic benefits in the country and would number of direct and indirect employment. Moreover, features like low cost & less complexity associated with installation of Mini flour mill makes it more attractive project as compare to normal sized flourmill. Currently the project is being designed / proposed for major cities with potential wheat production but the same can be proposed for other cities which can fulfill input and logistic requirements of the project.

Initially project focus would be on customers from neighboring communities, whereas at maturity domestic market would be preferred. The main feature of the project would include hygienically produced flour processed according to international quality and standards.

The Mini Flour Mill has the capacity of producing approximately 900,000 kg annually and will be operational for 300 days a year and 8 hours a day. Initially the mini flour mill will be operated at 75% of capital utilization and will increase it by 5% annually. The Maximum capacity utilization will be 85%.

The total project investment is Rs. **13,872,377/-** with an Internal Rate of Return (IRR) of **35%** and Net Present Value (NPV) of **21,294,976/-**. The total project investment would be paid back in **4.40** years.

## 4 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

## 5 PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, start-up, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Mini Flour Mill** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and its successful management.

Apart from carefully studying the whole document one must consider critical aspects provided later on, which form basis of any Investment Decision.

## 6 BRIEF DESCRIPTION OF PROJECT & PRODUCT

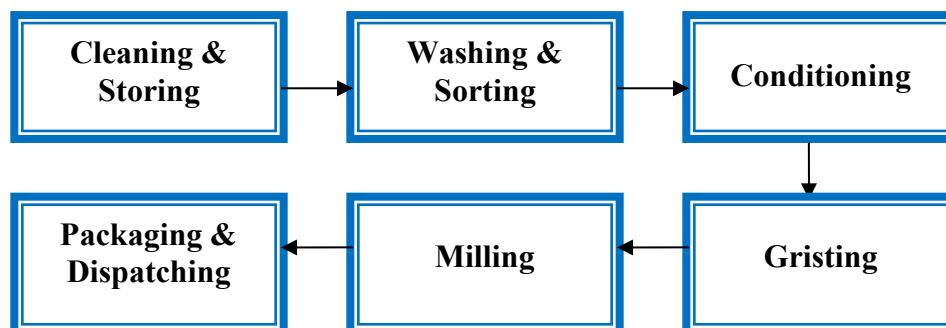
Following key parameters must be addressed as per pre-feasibility study under preparation

- **Technology:** This proposed unit with modern production plant includes mini flour mill complete line, a generator and a transformer that will set up a mini flour mill unit.
- **Location:** The subject project is strongly recommended to be established in the adjoining of the major cities or urban areas with high wheat production/consumption.
- **Product:** Keeping in view the market demand and characteristics “All purpose flour” is recommended to be the final product of the proposed prefeasibility. All-Purpose Flour is white flour, milled from hard wheat or a blend of hard and soft wheat.
- **Target Market:** The target customers for the proposed product would primarily be individuals, whole sellers & retailers, confectionary and home users.
- **Employment Generation:** The proposed project will provide direct employment to 10 people.

## 7 PRODUCTION PROCESS

The production process of flour is mainly subjected to machine/method used particular to the desired output product.

### 7.1 Flour Production Process Flow



However a brief summary of the general operations in any particular production line can be illustrated under the following headings:

### 7.1.1 Cleaning & Storing

As wheat arrives in the mill it is passed through a cleaning process to remove coarse impurities and is then stored according to its quality. This is mainly determined by the hardness, protein content and gluten quality of the wheat.

### 7.1.2 Washing & Sorting

Washing begins with screening to remove coarse, fine materials and the grain is separated by size, shape and weight. The finished product is then passed into conditioning bins.

### 7.1.3 Conditioning

Conditioning takes place before milling to produce uniform moisture content throughout the grain. Moistening helps to prevent break-up of the bran (hard outer layer) during milling and improves separation from the floury endosperm (the mass that forms the white flour of the grain).

### 7.1.4 Gristing

After conditioning, different batches of wheat grain are blended together (gristed) to make a mixture capable of producing the desired flour.

### 7.1.5 Milling

In the Milling step, flour is produced by a sequence of breaking, grinding and separating operations until the desired flour type is produced. Milling is simply the separation of the bran and germ from the endosperm and the grinding for producing flour. The quality & type of the wheat grain going into the mill will determine the types of flour to be produced. The whole process is divided into grinding and purification.

In addition to flour, many by products such as Suji, maida can be produced by further processing through installation of required machinery.

### 7.1.6 Packaging & Dispatching

The final product is packaged in standard bags of 20, 50 & 100 kgs. Then it is forwarded for either storage or transportation.

## 8 INSTALLED AND OPERATIONAL CAPACITIES

The mini flour mill has the capacity of producing approximately 900,000 kgs annually and will be operational for 300 days a year and 8 hours a day. Initially the mini flour mill will be operated at 75% of capital utilization and will increase it by 5% annually. The Maximum capacity utilization will be 85%.

## 9 CRITICAL FACTORS

- Selection of proper location, equipment and staff would be required to run project successfully.
- Continuous efforts should be made for up-gradation of the processing techniques.
- To attract large number of customers the product must be processed on quality standards.
- Government rule and policies
- Availability of skilled workers
- Natural Disasters
- High competition

## 10 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Flour has been made & eaten since the prehistoric times of Egyptian era over 6000 years before. The earliest method used for producing flour involved grinding grain between stones, which was usually operated by hands.

Pakistan has been characterized as densely populated country. Over the past years, people preference is changed towards more quality food. However, Roti & other wheat products remain essential items in daily diet. Hence factors like high demand, diversified uses and people preferences indicate a strong potential market for quality producers. Introduction of a Mini Flour Mill as compare to a traditional large scale structure would be much easier to manage for small scale investors due to low capital and operational cost.

The proposed project should be established in the adjoining of the major cities or urban areas with high wheat production/consumption. The prevalence of such facility would add economic benefits in the country and would number of direct and indirect employment. Moreover features like low cost & less complexity associated

with installation of Mini flour mill makes it more attractive project as compare to normal sized flourmill.

## 11 POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for the proposed product would primarily be individuals, whole sellers & retailers, confectionary and home users. Initially the project will be focusing on neighboring communities, and opportunity for expansion could be capitalize depending successful marketing of product.

## 12 PROJECT COST SUMMARY

### 12.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of **Rs. 37,125,000** in the year one. The capacity utilization during year one is worked out at **75%** with **5%** increase in subsequent years up to the maximum capacity utilization of **85%**.

The following table shows internal rate of return, payback period and net present value of the proposed venture.

**Table 1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	35%
Payback Period (yrs.)	5
Net Present Value (Rs.)	21,294,974

### 12.2 Project Financing

Following table provides details of the equity required and variables related to bank loan;

**Table 2: Project Financing**

Description	Details
-------------	---------

Total Equity (50%)	Rs. 6,936,188
Bank Loan (50%)	Rs. 6,936,188
Markup to the Borrower (%age / annum)	16 %
Tenure of the Loan (Years)	5

### 12.3 Project Cost

Following fixed and working capital requirements have been identified for operations of the proposed business.

**Table 3: Project Cost**

Description	Amount Rs.
<b>Capital Cost</b>	
Land	600,000
Building/Infrastructure	5,060,000
Plant and Machinery	2,785,000
Furniture & Fixture	120,000
Vehicles	1,905,500
Office Equipment	97,000
Pre-operating Cost	91,000
<b>Total Capital Cost</b>	<b>10,658,500</b>
<b>Working Capital</b>	
Equipment and Spare Part Inventory	4,352
Raw Material Inventory	2,475,000
Upfront Insurance Payment	234,525
Cash	500,000
<b>Total Working Capital</b>	<b>3,213,877</b>
<b>Total Project Cost</b>	<b>13,872,377</b>

### 12.4 Space Requirement

The space requirement for the proposed mini flour mill is estimated considering various facilities including management building, factory, store and open space,

etc. Details of space requirement and cost related to land & building is given below;

**Table 4: Space Requirement**

Description	Estimated Area (Sqft)	Unit Cost (Rs.)	Total Cost (Rs.)
Management Office	240	1,500	360,000
Factory	1000	1900	1,900,000
Store	1400	2000	2,800,000
<b>Total</b>	<b>3000</b>		<b>5,060,000</b>

## 12.5 Machinery & Equipment Requirement

Plant, machinery and equipment for the proposed project are stated below.

**Table 5: Machinery & Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Production plant	1	1,785,000	1,785,000
Generator	1	500,000	500,000
Transformer	1	500,000	500,000
<b>Total</b>			<b>2,785,000</b>

## 12.6 Furniture & Fixtures Requirement

Details of the furniture and fixture required for the project are given below;

**Table 6: Furniture & Fixture**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Air-conditioner	1	120,000	120,000
<b>Total</b>			<b>120,000</b>

## 12.7 Office Equipment Requirement

Following office equipment will be required for mini flour mill;

**Table 7: Office Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer	1	50,000	50,000
Printer	1	20,000	20,000
Telephones	2	1,000	2,000
Fax Machine	1	25,000	25,000
<b>Total</b>			<b>97,000</b>

## 12.8 Human Resource Requirement

In order to run operations of mini flour mill smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

**Table 8: Human Resource Requirement**

Description	No. of Employees	Monthly Salary per person (Rs.)
Plant Manager	1	30,000
Plant Operator	2	25,000
Technician	1	20,000
Helper	3	18,000
Guard	1	18,000
Sweeper	1	18,000
Driver	1	18,000
<b>Total</b>	<b>10</b>	

## 12.9 Utilities and other costs

An essential cost to be borne by the project is the cost of utilities. The administrative expenses are Rs. 160,636 per month which includes the utilities. Furthermore, promotional expense being essential for marketing of mini flour mill is estimated as 1% and that is Rs. 371,250 for year 1.

### 12.10 Revenue Generation

Based on the capacity utilization of **75%**, sales revenue during the first year of operations is estimated as under;

**Table 9: Revenue Generation – Year 1**

Description	No. of Units Produced (No.)	Finished Goods Inventory (No.)	Units available for Sale (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
All purpose Flour	900,000	675,000	675,000	55	37,125,000

## 13 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project be given.

### 13.1 Machinery Suppliers

Name of Supplier	Address	Phone	Fax	E-mail	Website
Chand Engineering Works	Chaman colony shahdrah, Lahore	0321 6895871	+92 42 35473777	<a href="mailto:yasirsweet12@gmail.com">yasirsweet12@gmail.com</a>	-
Anyang Best Complete Machinery Engineering Co., Ltd	19F, Suite B, Global Trade Mansion, Wenfeng Avenue, Anyang, Henan, China	0086-372-5965148	0086-372-5951936	<a href="mailto:info@abcmach.com">info@abcmach.com</a>	<a href="http://www.abcmach.com">www.abcmach.com</a>

## 14 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
Government of Pakistan	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
Ministry of Industries & Production	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>

<b>Ministry of Education, Training &amp; Standards in Higher Education</b>	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
<b>Government of Punjab</b>	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
<b>Government of Sindh</b>	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
<b>Government of Khyber Pakhtunkhwa</b>	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
<b>Government of Balochistan</b>	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
<b>Government of Gilgit Baltistan</b>	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
<b>Government of Azad Jamu Kashmir</b>	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
<b>Trade Development Authority of Pakistan (TDAP)</b>	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
<b>Security Commission of Pakistan (SECP)</b>	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
<b>Federation of Pakistan Chambers of Commerce and Industry (FPCCI)</b>	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
<b>State Bank of Pakistan (SBP)</b>	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
<b>Punjab Small Industries Corporation</b>	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
<b>Sindh Small Industries Corporation</b>	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
<b>Pakistan Horticulture Development and Export Company (PHDEC)</b>	<a href="http://www.phdec.org.pk">www.phdec.org.pk</a>
<b>Punjab Vocational Training Council (PVTc)</b>	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
<b>Technical Education and Vocational Training Authority (TEVTA)</b>	<a href="http://www.tevta.org">www.tevta.org</a>
<b>Pakistan Readymade Garment Technical Training Institute</b>	<a href="http://www.prgmea.org/prgtti/">www.prgmea.org/prgtti/</a>
<b>Livestock &amp; Dairy Development Department, Government of Punjab.</b>	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
<b>Punjab Industrial Estates (PIE)</b>	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
<b>Faisalabad Industrial Estate Development and Management Company (FIEDMC)</b>	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>

## 15 ANNEXURES

### 15.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Rs. in actuals									
Revenue	37,125,000	43,560,000	50,910,750	56,001,825	61,602,008	67,762,208	74,538,429	81,992,272	90,191,499	99,210,649
Cost of goods sold	34,389,938	38,010,085	41,869,918	43,545,774	45,313,420	47,179,722	49,152,159	51,238,886	53,448,791	55,791,574
Gross Profit	2,735,063	5,549,915	9,040,832	12,456,051	16,288,587	20,582,487	25,386,270	30,753,386	36,742,708	43,419,075
<i>General administration &amp; selling expenses</i>										
Administration expense	148,320	162,761	178,607	195,997	215,079	236,020	258,999	284,215	311,887	342,253
Rental expense	-	-	-	-	-	-	-	-	-	-
Utilities expense	-	-	-	-	-	-	-	-	-	-
Travelling & Comm. expense (phone, fax, etc.)	2,880	3,160	3,468	3,806	4,176	4,583	5,029	5,519	6,056	6,646
Office vehicles running expense	57,165	62,882	69,170	76,087	83,695	92,065	101,271	111,398	122,538	134,792
Office expenses (stationary, etc.)	1,440	1,580	1,734	1,903	2,088	2,291	2,515	2,759	3,028	3,323
Promotional expense	371,250	435,600	509,108	560,018	616,020	677,622	745,384	819,923	901,915	992,106
Insurance expense	234,525	201,545	168,565	135,585	102,605	223,066	178,453	133,840	89,227	44,613
Professional fees (legal, audit, etc.)	185,625	217,800	254,554	280,009	308,010	338,811	372,692	409,961	450,957	496,053
Depreciation expense	934,300	934,300	934,300	934,300	934,300	1,166,965	1,166,965	1,166,965	1,166,965	1,166,965
Amortization expense	18,200	18,200	18,200	18,200	18,200	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	1,113,750	1,306,800	1,527,323	1,680,055	1,848,060	2,032,866	2,236,153	2,459,768	2,705,745	2,976,319
Subtotal	3,067,455	3,344,628	3,665,028	3,885,959	4,132,234	4,774,290	5,067,462	5,394,349	5,758,319	6,163,071
Operating Income	(332,393)	2,205,287	5,375,804	8,570,092	12,156,353	15,808,197	20,318,808	25,359,037	30,984,389	37,256,004
Other income	25,000	-	65,369	186,313	459,617	1,218,911	1,296,403	2,860,365	3,172,722	5,837,817
Gain / (loss) on sale of assets	-	-	-	-	762,200	-	-	-	-	-
Earnings Before Interest & Taxes	(307,393)	2,205,287	5,441,172	8,756,405	13,378,170	17,027,108	21,615,211	28,219,402	34,157,111	43,093,820
Interest expense	1,129,258	901,029	623,273	418,029	224,497	51,995	44,435	35,664	25,491	13,689
Earnings Before Tax	(1,436,650)	1,304,258	4,817,899	8,338,376	13,153,673	16,975,113	21,570,777	28,183,737	34,131,620	43,080,131
Tax	-	-	1,921,058	3,418,734	5,393,006	6,735,070	9,093,969	11,255,065	14,362,105	17,210,658
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>(1,436,650)</b>	<b>1,304,258</b>	<b>2,896,841</b>	<b>4,919,642</b>	<b>7,760,667</b>	<b>10,240,043</b>	<b>12,476,808</b>	<b>16,928,673</b>	<b>19,769,515</b>	<b>25,869,473</b>
Balance brought forward		(1,436,650)	(132,392)	1,382,225	3,150,933	10,911,600	10,189,402	34,488,035	13,614,575	72,452,268
Total profit available for appropriation	(1,436,650)	(132,392)	2,764,449	6,301,866	10,911,600	21,151,643	22,666,210	51,416,708	33,384,090	98,321,741
Dividend	-	-	1,382,225	3,150,933	-	-	11,333,105	-	16,692,045	-
Balance carried forward	(1,436,650)	(132,392)	1,382,225	3,150,933	10,911,600	21,151,643	11,333,105	51,416,708	16,692,045	98,321,741

## 15.2 Balance Sheet

Statement Summaries Balance Sheet											SMEDA
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	500,000	-	-	1,307,373	2,418,887	6,773,443	6,642,545	31,478,206	11,081,891	70,330,635	24,367,382
Accounts receivable	-	1,525,685	1,657,911	1,941,180	2,196,834	2,416,517	2,658,169	2,923,986	3,216,384	3,538,023	3,891,825
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	4,352	5,117	5,995	6,609	7,286	8,033	8,857	9,765	10,765	11,869	-
Raw material inventory	2,475,000	2,855,160	3,280,847	3,548,236	3,837,417	4,150,166	4,488,405	4,854,210	5,249,828	5,677,689	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	234,525	201,545	168,565	135,585	102,605	223,066	178,453	133,840	89,227	44,613	-
<b>Total Current Assets</b>	<b>3,213,877</b>	<b>4,587,507</b>	<b>5,113,317</b>	<b>6,938,982</b>	<b>8,563,029</b>	<b>13,571,226</b>	<b>13,976,429</b>	<b>39,400,006</b>	<b>19,648,095</b>	<b>79,602,829</b>	<b>28,259,207</b>
<i>Fixed assets</i>											
Land	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Building/Infrastructure	5,060,000	4,807,000	4,554,000	4,301,000	4,048,000	3,795,000	3,542,000	3,289,000	3,036,000	2,783,000	2,530,000
Machinery & equipment	2,785,000	2,506,500	2,228,000	1,949,500	1,671,000	1,392,500	1,114,000	835,500	557,000	278,500	-
Furniture & fixtures	120,000	108,000	96,000	84,000	72,000	60,000	48,000	36,000	24,000	12,000	-
Office vehicles	1,905,500	1,524,400	1,143,300	762,200	381,100	3,068,827	2,455,061	1,841,296	1,227,531	613,765	-
Office equipment	97,000	87,300	77,600	67,900	58,200	48,500	38,800	29,100	19,400	9,700	-
<b>Total Fixed Assets</b>	<b>10,567,500</b>	<b>9,633,200</b>	<b>8,698,900</b>	<b>7,764,600</b>	<b>6,830,300</b>	<b>8,964,827</b>	<b>7,797,861</b>	<b>6,630,896</b>	<b>5,463,931</b>	<b>4,296,965</b>	<b>3,130,000</b>
<i>Intangible assets</i>											
Pre-operation costs	91,000	72,800	54,600	36,400	18,200	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>91,000</b>	<b>72,800</b>	<b>54,600</b>	<b>36,400</b>	<b>18,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>13,872,377</b>	<b>14,293,507</b>	<b>13,866,817</b>	<b>14,739,982</b>	<b>15,411,529</b>	<b>22,536,053</b>	<b>21,774,290</b>	<b>46,030,902</b>	<b>25,112,026</b>	<b>83,899,794</b>	<b>31,389,207</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	2,684,771	2,961,716	3,237,964	3,350,376	3,467,400	3,589,273	3,716,251	3,848,605	3,986,623	3,624,845
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	1,554,871	445,888	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>4,239,642</b>	<b>3,407,604</b>	<b>3,237,964</b>	<b>3,350,376</b>	<b>3,467,400</b>	<b>3,589,273</b>	<b>3,716,251</b>	<b>3,848,605</b>	<b>3,986,623</b>	<b>3,624,845</b>
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	570,925	570,925	570,925	456,740	342,555	228,370	114,185	-
Long term debt	6,936,188	4,554,327	3,655,416	2,612,680	1,403,106	324,970	277,716	222,902	159,317	85,559	-
<b>Total Long Term Liabilities</b>	<b>6,936,188</b>	<b>4,554,327</b>	<b>3,655,416</b>	<b>3,183,605</b>	<b>1,974,031</b>	<b>895,895</b>	<b>734,456</b>	<b>565,457</b>	<b>387,687</b>	<b>199,744</b>	<b>-</b>
<i>Shareholders' equity</i>											
Paid-up capital	6,936,188	6,936,188	6,936,188	6,936,188	6,936,188	7,261,158	7,261,158	7,261,158	7,261,158	7,261,158	7,261,158
Retained earnings	-	(1,436,650)	(132,392)	1,382,225	3,150,933	10,911,600	21,151,643	11,333,105	51,416,708	16,692,045	98,321,741
<b>Total Equity</b>	<b>6,936,188</b>	<b>5,499,538</b>	<b>6,803,796</b>	<b>8,318,413</b>	<b>10,087,121</b>	<b>18,172,758</b>	<b>28,412,801</b>	<b>18,594,263</b>	<b>58,677,866</b>	<b>23,953,203</b>	<b>#####</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>13,872,377</b>	<b>14,293,507</b>	<b>13,866,817</b>	<b>14,739,982</b>	<b>15,411,529</b>	<b>22,536,053</b>	<b>32,736,530</b>	<b>22,875,972</b>	<b>62,914,159</b>	<b>28,139,571</b>	<b>#####</b>
Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0											

## 15.3 Cash Flow Statement

Statement Summaries											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Rs. in actuals										
<i>Operating activities</i>											
Net profit	-	(1,436,650)	1,304,258	2,896,841	4,919,642	7,760,667	10,240,043	12,476,808	16,928,673	19,769,515	25,869,473
Add: depreciation expense	-	934,300	934,300	934,300	934,300	934,300	1,166,965	1,166,965	1,166,965	1,166,965	1,166,965
amortization expense	-	18,200	18,200	18,200	18,200	18,200	-	-	-	-	-
Deferred income tax	-	-	-	570,925	-	-	(114,185)	(114,185)	(114,185)	(114,185)	(114,185)
Accounts receivable	-	(1,525,685)	(132,226)	(283,269)	(255,654)	(219,683)	(241,652)	(265,817)	(292,399)	(321,638)	(353,802)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	(4,352)	(766)	(877)	(614)	(677)	(747)	(823)	(908)	(1,001)	(1,103)	11,869
Raw material inventory	(2,475,000)	(380,160)	(425,687)	(267,389)	(289,181)	(312,749)	(338,239)	(365,805)	(395,618)	(427,861)	5,677,689
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(234,525)	32,980	32,980	32,980	32,980	(120,461)	44,613	44,613	44,613	44,613	44,613
Accounts payable	-	2,684,771	276,945	276,248	112,412	117,023	121,874	126,978	132,354	138,018	(361,778)
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(2,713,877)	326,990	2,007,893	4,178,222	5,472,021	8,176,549	10,878,596	13,068,650	17,469,403	20,254,324	31,940,844
<i>Financing activities</i>											
Change in long term debt	6,936,188	(2,381,861)	(898,911)	(1,042,736)	(1,209,574)	(1,078,136)	(47,254)	(54,814)	(63,585)	(73,758)	(85,559)
Change in short term debt	-	1,554,871	(1,108,983)	(445,888)	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	6,936,188	-	-	-	-	324,970	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing	13,872,377	(826,990)	(2,007,893)	(1,488,625)	(1,209,574)	(753,166)	(47,254)	(54,814)	(63,585)	(73,758)	(85,559)
<i>Investing activities</i>											
Capital expenditure	(10,658,500)	-	-	-	-	(3,068,827)	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing	(10,658,500)	-	-	-	-	(3,068,827)	-	-	-	-	-
<b>NET CASH</b>	<b>500,000</b>	<b>(500,000)</b>	<b>-</b>	<b>2,689,597</b>	<b>4,262,447</b>	<b>4,354,556</b>	<b>10,831,342</b>	<b>13,013,836</b>	<b>17,405,818</b>	<b>20,180,566</b>	<b>31,855,284</b>
Cash balance brought forward		500,000	-	-	1,307,373	2,418,887	6,773,443	6,642,545	31,478,206	11,081,891	70,330,635
Cash available for appropriation	500,000	(0)	-	2,689,597	5,569,820	6,773,443	17,604,786	19,656,381	48,884,024	31,262,457	#####
Dividend	-	-	-	1,382,225	3,150,933	-	-	11,333,105	-	16,692,045	-
Cash carried forward	500,000	-	-	1,307,373	2,418,887	6,773,443	17,604,786	8,323,276	48,884,024	14,570,412	#####

## 16 KEY ASSUMPTIONS

### 16.1 Operating Cost Assumptions

Description	Details
Operational Days/ year	300
Hours operational/ days	8
Shift Length (Hours)	8

### 16.2 Production Cost Assumptions

Description	Details
Initial Capital utilization	75%
Annual Capital Utilization Growth	5%
Maximum Capital Utilization	85%

### 16.3 Revenue Assumptions

Description	Details
Revenue	37,125,000
Cost of goods sold	29,700,000
Sale Price/kg	55
Production per year (Kg)	675,000
Production Quantity sold (Kg)	675,000

### 16.4 Financial Assumptions

Description	Details
Interest Rate	16%
Debt: Equity Ratio	50:50
Debt Tenure	5 Years

# Small and Medium Enterprises Development Authority

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